Amendment of Income Tax Act

847. SHRI BHAGATRAM MANHAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that several members of Parliament have represented to the Government against the proposed amendment of the Income Tax Act affecting several resident companies providing oil and related services;

(b) if so, what is the reaction of the Government thereto;

(c) whether it is also a fact that these resident companies had planned their financial operations for 1988-89 on the basis of unamended section of the Act and now their plans are shattered because of the proposed retrospective amendments; and

(d) whether Government is considering to provide some relief to these resident companies who are likely to suffer due to retrospective amendment and if not, what are the reasons therefor?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) Yes, Sir.

(b) Suggestions were examined but not found acceptable.

(c) Government has no information regarding the pre-planning made by certain companies regarding their financial operations for 1988-89. However, since proposed amendment intends to tax only the real income of all taxpayers providing services in the fields to which the provision of section 44BB apply, there is no possibility of any such taxpayers having inconvenience by the provision.

(d) No, Sir, as the proposed amendment is in accordance with the policy of the Government to tax the real income only to the extent possible. Further, the provision of secion 44BB is not intended as an incentive or a tax concession but only provides a simplified method of computation of income where it cannot be otherwise computed because of non-availability of account books etc.

Affairs of Swadeshi Polytex Ltd.

848. SHRI D. B. CHANDRE GOWDA: Will the Minister of TEXTILES be pleased to state:

(a) whether any action has since been initiated to determine the exact amounts that were siphoned out by the past management of Swadeshi Polytex Limited;

(b) whether it is also a fact that the past management had given employments in senior positions in the company in the year 1986 to those who were either related or connected in some way or the other with officials of the Government of India; and

(c) if so, what are the facts thereof?

THE MINISTER OF TEXTILES (SHRI RAM NIWAS MIRDHA): (a) No, Sir.

(b) and (c) Swadeshi Polytex Limited is a Public Limited Company. Government does not have any information on this matter.

Rise in circulation of currency notes

849. PROF. C. LAKSHMANNA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that currency notes in circulation has of late been rising sharply during the last few months;

(b) if so, what impact it will have on the prices of essential, consumer and capital goods; and

(c) what steps Government propose to take to check rise in circulation of currency notes which have a direct impact on stepping up of the inflationary rate?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FIN-